



Update: Discussions with the City of Irving - Water Utilities Department

January 17, 2007





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Briefing Purpose

- Provide an update to City Council on the ongoing water discussions with the City of Irving



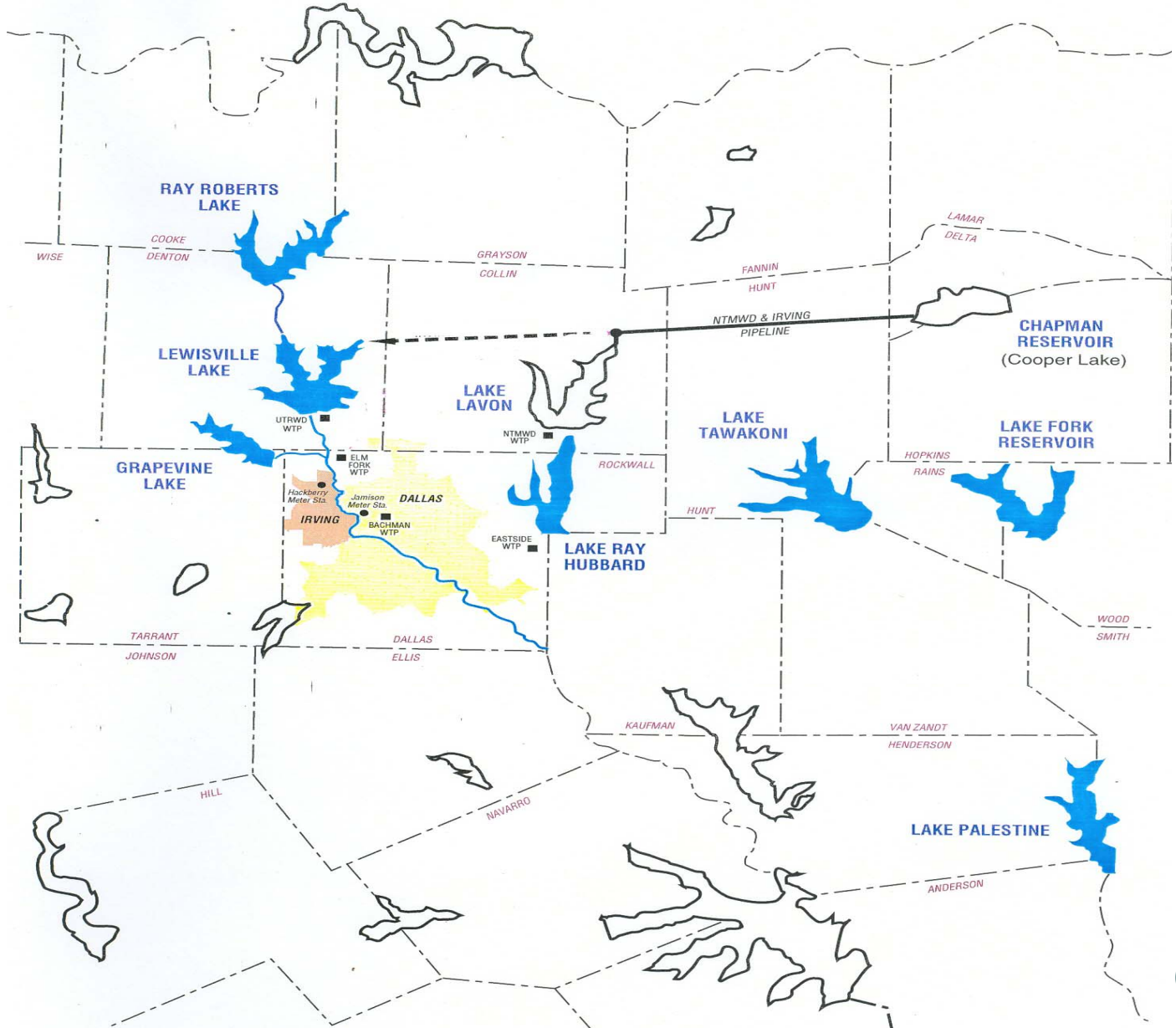
Briefing Outline

- Impact of drought on Lake Chapman and the Dallas water system
- Background on Irving's Treated Water Services Contract
- Discussions with City of Irving
- Summary



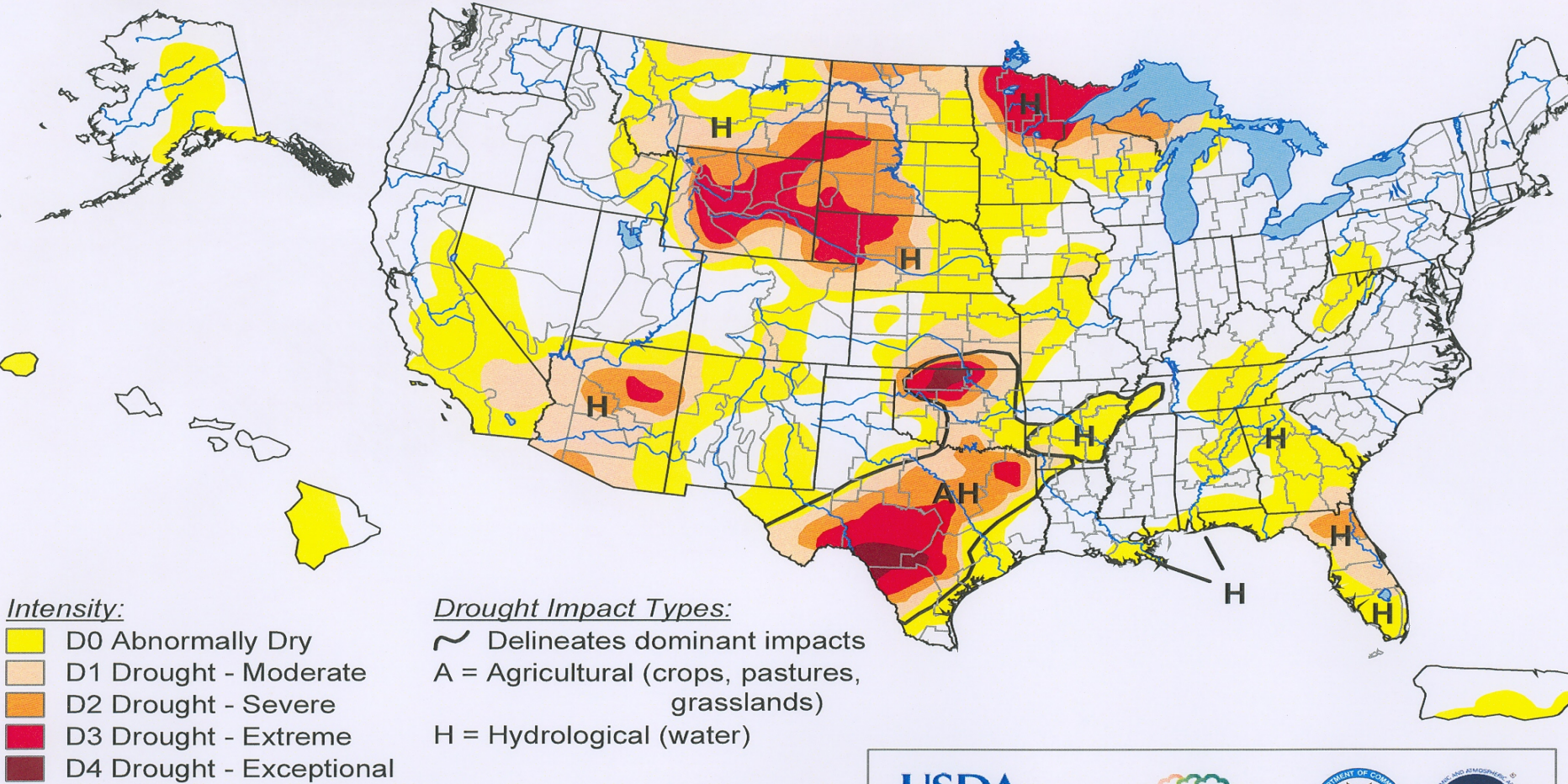
Impact of Drought on Lake Chapman and the Dallas Water System

Regional Water Supply Lakes



U.S. Drought Monitor

December 26, 2006
Valid 7 a.m. EST



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://drought.unl.edu/dm>



Released Thursday, December 28, 2006

Author: Richard Heim, NOAA/NESDIS/NCDC

NOAA projects some improvement in drought conditions through March 2007, which we have seen slight improvement recently in the Dallas area lakes.



Current Lake Levels/Depletion

(as of 1/10/07)

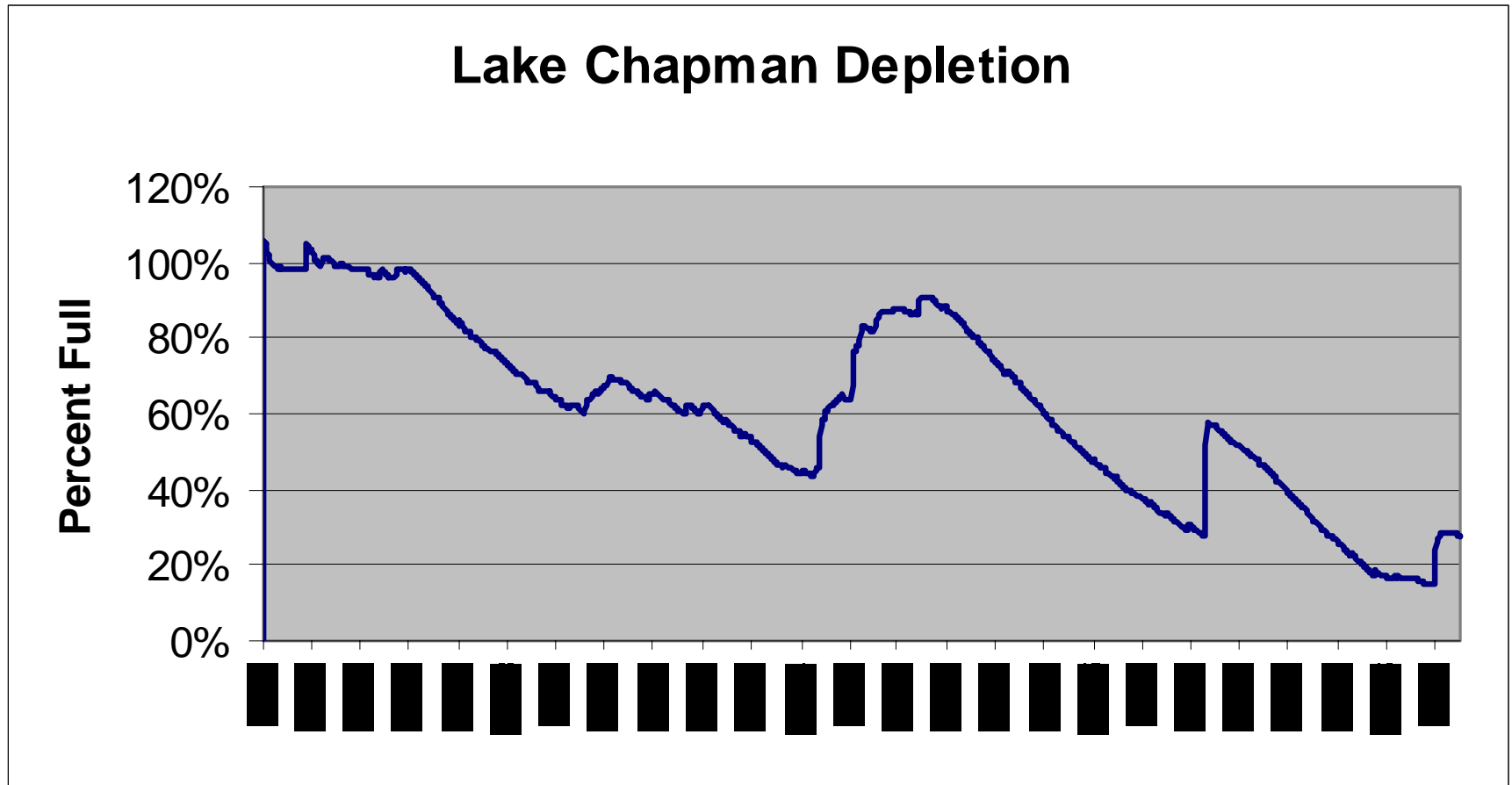
Reservoir	Full	Current	Down (Feet)	Weighted Depletion
<u>Dallas' Connected Lakes</u>				
Lewisville	522.00	513.91	8.1	10.0%
Grapevine	535.00	522.98	12.0	1.5%
Ray Roberts	632.50	624.65	7.9	6.6%
Tawakoni	437.50	426.81	10.7	12.6%
Ray Hubbard	435.50	432.47	3.0	<u>2.7%</u>
				31.6%



Lake Chapman

- Lake construction began in 1987 and completed in 1991
- Three entities have rights to Lake Chapman water
 - North Texas Municipal Water District
 - City of Irving (secured its water rights in 1966)
 - Sulphur River Municipal Water District – 12 MGD sold to Upper Trinity Regional Water District for 50 years
- The drought of record for Chapman is 48 months
- Currently the Lake is in month 45 of a drought and approximately 75% depleted The drought for Lake Chapman, Irving's primary water supply, began in April 2003
 - Drought impact on Dallas' lakes began in April 2005
- Dallas' long-range water supply plan assumes that both Irving's and UTRWD's Lake Chapman water is available during drought weather conditions
- Irving may need additional water in the May 2007 timeframe if current drought persists

Lake Chapman



Data Source: United States Geological Survey (USGS) website

Current Lake Levels/Depletion with Lake Chapman

(as of 1/10/07)

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<u>Irving's Primary Water Supply</u>				
Chapman	440.00	426.48	13.5	<u>3.8%</u>
				35.4%

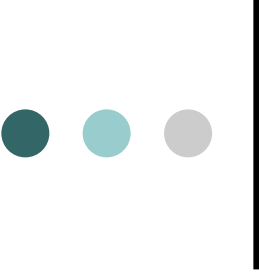


Background on Irving's Treated Water Services Contract



Background - Irving

- Irving has been a treated water customer since 1955
- Irving was previously Dallas' largest wholesale customer, purchasing approximately 10% of our total treated water
- In 1998, Irving entered into a contract with Dallas for us to treat 39 MGD of their Lake Chapman water beginning in 2003
- Irving still purchases approximately 7 MGD of water as a wholesale customer



Treated Water Services Contract between Dallas and Irving

- Benefits to Dallas:
 - No adverse impact on rate payers
 - Additional water brought into Dallas service area at no cost to Dallas
 - Dallas received compensation for storage of Irving's Lake Chapman water in Lake Lewisville
- Benefits to Irving:
 - Provided for the treatment of Irving's Lake Chapman water
 - Avoided costs of construction of additional pipeline and pump station

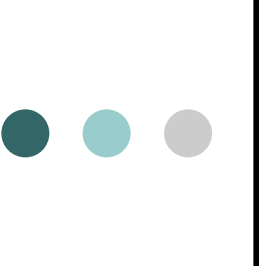


Discussions with City of Irving



Current Discussions with Irving

- Dallas' guiding principles for discussions
 - Develop proposals for long term solutions that minimize impacts on existing customers, and
 - Maximize the use of Irving's water supply
- Drought has brought to light lessons which may require regional long term drought management solutions
- Working to maximize the use of Irving's Lake Chapman water to benefit both Irving and Dallas' service area
- Exploring opportunities to use the Lake Chapman conveyance system to bring water from the Sulphur River Basin and possibly other sources



Specific Items for Providing Water to Irving (Irving 1/10/07 Council Briefing)

- Agreed to follow existing contract water pricing for 2007
- Irving agreed to concept that Lake Chapman water could be managed as part of Dallas' water supply system
 - Irving maintains ownership, Dallas manages
- Irving to match Dallas' drought restrictions
- Issues still to be addressed:
 - Lake Chapman water accounting system
 - Reuse projects
 - Chapman right-of-way access and pipeline
 - Any future introduction of other water sources



Irving's Other Recommendations to Their Council

- Pursue dredging project for Lake Chapman
- Maintain an option for participation in Lake Ralph Hall
- Continue involvement in Marvin Nichols reservoir
- Look at development of a Stage 3+ water restrictions before Summer 2007
- Approve Dean International contract



Dallas' Comments

- Continue to use terms under the existing treatment services contract as applicable
 - Pricing related to the maintenance portion of the contract to be invoked due to planned dredging
 - Contract provisions call for payment of raw water at the non-interruptible rate
 - Fixed payments for Irving's storage in Lake Lewisville continue
- Working on long term agreement for drought management and a system approach for use of Lake Chapman



Summary

- Initial discussions with Irving have gone well
 - Pricing established for 2007 under existing contract
 - Use of Irving's infrastructure for conveyance of water
 - Dallas to incorporate Lake Chapman into our overall system operations (study to be required)
- Anticipate that negotiations will be completed within the next 90 days
- Staff will return to Council to seek approval of contract terms in the May 2007 timeframe
- Goal is to have the contract in effect by Oct 07